



Electric Financial Projection Review



Dawn Lund
Vice-President
Utility Financial Solutions, LLC
dlund@ufsweb.com

Utility Financial Solutions, LLC

- International consulting firm providing cost of service and financial plans and services to utilities across the country, Canada, Guam and the Caribbean
- Instructors for cost of service and financial planning for APPA, speakers for organizations across the country including AWWA.
- Hometown Connections preferred vendor for COS and financial analysis



Current Financial Summary

Fiscal Year	Projected Rate Adjustments	Projected Power Supply Adjustments from CMEEC	Projected Revenues	Projected Expenses	Transfer to the District	Adjusted Operating Income	Projected Cash Balances	Capital Improvements
Actual 2019	0.0%	-8.6%	11,017,823	9,668,528	(282,116)	1,067,179	10,897,533	393,160
Projected 2020	0.0%	-3.6%	10,828,127	9,797,108	(282,116)	748,903	11,840,096	935,500
Projected 2021	0.0%	1.0%	10,790,789	9,654,161	(282,116)	854,511	13,004,878	859,500
Projected 2022	0.0%	1.0%	10,787,143	9,730,529	(282,116)	774,499	14,384,163	600,000
Projected 2023	0.0%	1.0%	10,777,137	9,739,933	(282,116)	755,088	15,725,933	650,000
Recommended Target in 2021						\$ 749,466		
Recommended Target in 2023						\$ 789,466		
Recommended MINIMUM Target in 2021							\$ 5,241,883	
Recommended MINIMUM Target in 2023							\$ 5,292,016	



Debt Coverage Ratio

- ▶ Currently no debt
- ▶ Should revenue bonds be issued in the future, 1.45 debt coverage ratio
- ▶ Amount of cash generated from operations in that year to pay debt



Operating Income (ROR)

- ▶ Funding O&M expense and capital replacement
- ▶ Ensures current customers are paying their fair share
- ▶ TTD electric Currently projected to meet operating income target



MINIMUM Cash

Minimum Cash Reserves	Risk Allocated	Projected 2020	Projected 2021	Projected 2022	Projected 2023	Projected 2024
Operation & Maintenance Less Depreciation Expense	40.0%	\$ 3,568,975	\$ 3,497,436	\$ 3,516,307	\$ 3,510,069	\$ 3,589,023
CyrusOne PP Passthrough	100.0%	289,923	289,923	289,923	289,923	289,923
Historical Rate Base	3.0%	676,839	702,624	720,624	740,124	759,624
Current Portion of Debt Service	100.0%	-	-	-	-	-
Five Year Capital Improvements - Net of bond proceeds	20.0%	751,900	751,900	751,900	751,900	751,900
Recommended Minimum Cash Reserve		\$ 5,287,637	\$ 5,241,883	\$ 5,278,754	\$ 5,292,016	\$ 5,390,470
Minimum Recommended Days Cash On Hand		197	198	198	198	197

Minimum cash projected to be met throughout the projection



Other Observations

- ▶ Utility is overall financially healthy
- ▶ Revenue neutral rate adjustment should be considered
 - \$8.00 Residential customer charge
- ▶ PCA methodology is working, but not industry standard
- ▶ Ensure you have a solid 5 to 20 year capital plan



Questions?



Dawn Lund, Vice-President
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